BlackLine Internal Audit Review

Final

April 2022

Hywel Dda University Health Board

NWSSP Audit and Assurance

Contents

Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

2/5

1. Introduction

1.1   The Director of Finance requested Internal Audit review the arrangements and processes related to the introduction of BlackLine. A non-opinion review was undertaken covering Balance Sheet Reconciliation software and its effectiveness with regards to the period-end reconciliation process.

1.2   BlackLine is a bolt on to the current Financial software which automates month/period end reconciliation process.

2. Detailed Audit Findings

Pre-BlackLine Reconciliation Process

2.1   Prior to the introduction of BlackLine, users were to perform Balance Sheet reconciliations using excel templates comparing General Ledger Values to Sub Ledgers. This process required manual reconciliations to be submitted and reviewed by Finance Business Partners.

BlackLine Process

2.2   BlackLine was implemented in September 2021 and is now the platform in which Finance prepare, review, and approve Balance Sheet reconciliations on a centralised forum, with the objective to minimise the risk of material errors whilst allowing for a more robust and automated process and in turn this will release staff to perform other value adding activities.

2.3   The Finance Department have a Standard Operating Procedures (SOPs) in place for the BlackLine reconciliation process. A walkthrough was performed with the Finance Business Partner for February 2022 month-end close reviewing a number of Balance Sheet reconciliations.

2.4   BlackLine allows for specific nominal codes to be allocated to individuals providing ownership of Balance Sheet Reconciliations. BlackLine automatically distributes emails to responsible owners stating their deadline to complete each reconciliation by. In the instance where an individual is away, the software will send repeat request to the next service user and does this automatically.

2.5   Users are required to complete reconciliations in line with agreed SOPs and by the requested deadline. Information is downloaded via QlikView and reconciled against the relevant subledger. This information is then imported into BlackLine and certified by the user when complete and thus be centralised within the software.

2.6   Once certified, Line Managers are notified to review and approve/reject the reconciliation. Once dual sign-off is achieved, a Finance Business Partner will review and close all Balance Sheet reconciliations. Audit noted that BlackLine has evidence of segregation of duties whilst providing a centralised base for multilevel reviews.

2.7   A walkthrough was performed for February 2022 month-end close, and in addition to reconciliations, Audit reviewed the summary tab within Blackline which displayed visibility of all Balance Sheet nominal codes highlighting their current status (open, submitted, reviewed, approved). We noted that from this centralised location, reviewers can communicate directly with users via BlackLine requesting a number of actions including,

but not limited to, updating reconciliations, providing supporting documentations – all of which demonstrates a high level of control.

Internal Audit Opinion

2.8   Audit reviewed the operating system BlackLine which has been introduced to improve month/period end reporting. BlackLine benefits are not confined to increased efficiency, but also that it focusses on increased visibility, control/reviews, and consistency to users.

Blackline provides a centralised platform whereby reviewers have control and visibility over all Balance Sheet reconciliations throughout all stages of the process and reduces any repetitive manual effort. The process provides a standardised approach and templates which eliminates an element of interpretation for users.

There are no recommendations made in this report.

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